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BOARD OF PUBLIC UTILITIES  
TRENTON NJ

Aida Camacho-Welch, Secretary  
State of New Jersey, Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

**RE: BPU Docket No. WR17090985**

Dear Ms. Camacho-Welch,

My name is Kim Deal. I am a former business owner and food service worker residing in Pleasantville, New Jersey, and a longtime customer of New Jersey American Water. I write to you on behalf of the South Jersey Workers Benefit Council (WBC), a delegate body of low-income workers and their families in Atlantic County and surrounding areas.

As you know, New Jersey American Water is imposing a \$75 million rate hike on its customers. In an unprecedented fashion, it is starting to do so provisionally, *before* getting approval from the Board of Public Utilities.

For the following reasons, the BPU should **deny this rate hike in full**, and **stop** the company's effort to circumvent its authority.

1) In South Jersey, low-income workers and their families **CANNOT** afford to pay more for water without facing a shutoff, or foregoing other basic needs such as food and medicine. According to a United Way study published just last month, 41% of New Jersey households can't afford to pay for all of their basic living expenses (shelter, food and utilities). In Atlantic County the rate is 48%; in Cumberland County, it is 61%.

2) The company's profits are already huge and *growing*. American Water, parent company of New Jersey American Water (NJAW), made **\$426 million in profit** last year. On May 2, the company announced a 9.6% *increase* in its quarterly dividend for investors. Its executives just boasted that, compared to competitors, profits have been "at or above the top" for six years straight.

3) There is a connection between the company's huge profits and the suffering it is imposing on its customers by raising rates. According to Stefanie Brand, Director of New Jersey's Division of Rate Counsel: "The hardship to ratepayers is real. NJAW's rates have

Case mgmt  
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M. Moran

been increasing steadily. The Company has been coming in for a rate case on average every two years and has taken full advantage of the DSIC [Distribution System Investment Charge] between cases.”

4) The company already shuts off service to thousands of customers each year who are unable to afford its rising rates. Although the company and the State have made it difficult to get a current figure, we know it is substantial. In 2009, 12,943 New Jersey water users were shut off for non-payment in the first six months alone.

5) There are no accessible alternatives to New Jersey American's water. The company has a monopoly in the areas it serves, and it charges nearly every customer full price. According to Ms. Brand: “Of NJAW's 2.7 million customers, only 1900 were enrolled in the Company's low-income service charge discount program in 2016.” That is a dismal 0.07%. I myself was turned down last year, despite my very low income.

6) Water is a survival necessity. **Water is a human right.** To allow the company to post record profits while denying service to thousands of households is a violation of the responsibilities of the Board of Public Utilities under state law. According to the State Constitution, “Government is instituted for the protection, security, and benefit of the people.” (Article 1, Section 2). More specifically, the mission of the BPU is “to ensure safe and proper utility services at reasonable, non-discriminatory rates to all.” The rate increase proposed by New Jersey American Water would make the rates even more *unjust, unreasonable and discriminatory* against poor and working people.

7) The company attempts to justify its rate hike by claiming it needs to be reimbursed for investing in infrastructure improvements. **This is simply untrue.** It is padding its reimbursement estimates to provide greater profits to its shareholders.

In expert testimony already submitted to the BPU, Robert Henkes, a financial consultant specializing in utility regulation, provides one example after another of these dubious mechanisms. They amount to no more than accounting gimmicks. For example, he documents how their proposal takes a standard maintenance procedure – tank painting – goeses it up with a fancy name – “engineered coating of steel structures” – and doubles the actual cost of the procedure. Then, they ask the BPU to let them stick ratepayers with the tab! In the ultimate absurdity, they are even trying to charge ratepayers for the salary and benefits of the lobbyist they've hired to argue for higher rates (a person whose activities and pay, in an assist to the company, the state has kept confidential).

These are just two examples. There are many, many more in Mr. Henkes' testimony. Mr. Henkes has found so many examples, he says that **a rate decrease of \$17 million would be just and reasonable.**

8) Instead, the company is not only requesting a \$75 million rate hike, but **beginning to impose it unilaterally**, prematurely, before it has even demonstrated to the BPU that such a rate hike would be justified. According to Ms. Brand, in nearly 40 years, there have been "few, if any, attempts by utilities to implement such provisional rates." In an unprecedented affront to the BPU's authority, "NJAW essentially argues that the Board lacks discretion and Rate Counsel lacks standing to raise any issues whatsoever regarding its proposed plan for interim rates." The Division of Rate Counsel clearly calls on the BPU to "protect the general public from NJAW's manipulation of the rate case process." If the Board fails to do so, it will set a dangerous precedent that other utility companies are sure to exploit. Ratepayers would suffer for years to come.

9) Publicly available records indicate that American Water has used more than \$500,000 in corporate funds for political contributions since the 2010 election cycle. Since not all contributions have to be reported, the real number is probably much larger. We know the company is applying pressure to get this rate hike approved.

Well my neighbors and I are PAYING ATTENTION and we won't stand for it. Please, BPU, DO YOUR JOB, as you are mandated by law to do. Put a stop to this profiteering! Protect the public, NOT utility profit.

Speaking on behalf of the South Jersey Workers Benefit Council and voicing the desires of thousands of utility customers who are impacted by your decisions every day, I say with confidence: we will continue to hold you accountable to the law.

Sincerely,



Kim Deal

Delegate, South Jersey Workers Benefit Council

CC: Maria T. Novas-Ruiz, Esq., Assistant Deputy Rate Counsel